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January 27, 2003

Ms. Celeste Fulgham
Regional Contracting Officer
United States Agency for International Development/South Africa
Sancardia Building, 9th Floor
524 Church Street
Arcadia, Pretoria 0007, South Africa

RE: Contract No. LAG-I-00-99-00036-00, Task Order No. 800
UI Project 06967-002, South Africa Access to Housing Finance for Lower Income Households
Quarterly Task Order Progress and Cost Report, October to December 2003

Dear Ms. Fulgham:

Please find enclosed the Quarterly Task Order Progress and Cost Report, October to December 2003, South Africa Access to Housing Finance for Lower Income Households as required under Section F.12 of the above referenced contract.

Please direct any technical questions to Ms. Mary Tomlinson, CoP, UI/Houghton at 011-27-11-642-1872 or E-mail at mtomlinson@hfrp.org.za. Questions of a contractual nature should be addressed to me at (202) 261-5818.

Sincerely,

Marcus L. Stevenson

Enclosures

cc: Lyn Buckley (USAID/South Africa)
Sarah Wines (USAID/South Africa)
Mary Tomlinson (UI/South Africa)
Dale Gredler (USAID Washington)
USAID Development Clearinghouse
IAC Deliverables File (06967-002)

**QUARTERLY TASK ORDER
PROGRESS AND COST
REPORT**

**OCTOBER – DECEMBER
2003**

**SOUTH AFRICA ACCESS TO
HOUSING FINANCE FOR
LOWER INCOME
HOUSEHOLDS**

Prepared for



South Africa Access to Housing Finance for Lower Income Households
United States Agency for International Development
Contract No. LAG-I-00-99-00036-00, TO No. 800

Prepared by

Mary Tomlinson
Chief of Party
The Urban Institute



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2100 M Street, NW
Washington, DC 20037

January 2004
UI Project 06967-002

QUARTERLY TASK ORDER PROGRESS AND COST REPORT

OCTOBER TO DECEMBER 2003

SOUTH AFRICA ACCESS TO HOUSING FINANCE FOR LOWER INCOME HOUSEHOLDS

Task Order No.: LAG-1-00-99-00036-00, Task Order No. 800

Date of Issuance: September 6 2000

Amount Obligated Under Task Order: \$ 3,476,660

Total Potential Task Order Amount: \$ 3,771,314

Dollars Expended To-date: \$ 2,910,148

Key Personnel: Prime Contractor Contact: Mary R. Tomlinson, CoP
Contact Phone #: +27 11 642 1872
Email: mtomlinson@hfrp.org.za

Task Order Description:

In September 2000, the South African Mission of the United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a two-year project to improve access to housing finance for low-income households. (The project received a two-year extension in September 2002.) Specifically, the project aims to increase access to adequate housing for historically disadvantaged and lower income households in South Africa by providing better access to credit. As part of this effort, UI provides technical assistance, training and financial support to innovative initiatives by national and local governments, parastatal financial institutions, commercial financial institutions and non-governmental organizations (NGOs), that want to carry out housing finance related projects.

As required by Section F.12 of the Contract, a description of the progress under Task Order No. 800 during this quarter is set out below.

I. HIGHLIGHTS

- Presentation of the funded research, *Delivering the Housing Subsidy in a People's Housing Process Context*, by Ted Baumann, National Housing Finance Corporation's 1st Annual Symposium on Housing Finance, October 2003
- Participated in the National Housing Finance Corporation's 2nd Annual Incremental Housing Workshop where presentations were made of the HFRP funded research *The Kuyasa Experience*, by Olivia van Rooyen and *Credit Rating*, by Natie Engelbrecht, October 2003
- Presentation of the HFRP funded research, *Better Off But: Beneficiaries Perceptions of the Housing Subsidy Scheme*, by Tanya Zack and Sarah Charleton at the University of the Witwatersrand's Housing Studies Programme, Housing Seminar Series, October 2003

- Presentation of the HFRP funded research, *Better Off But: Beneficiaries Perceptions of the Housing Subsidy Scheme*, by Sarah Charleton at the Gauteng Province, Department of Housing conference, Building Sustainable Communities: Urbanisation and Housing Challenges, October 2003
- Carried out the HFRP's annual report-back meeting to its Housing Advisory Team, made up of representatives of South Africa's key housing organizations. At the meeting a presentation of the HFRP funded report *Getting South Africans Under Shelter: An overview of the South African Housing Sector* was made by David Gardner, October 2003
- Prepared the USAID Annual Review Report, October 2003
- Dr. Sally Merrill, the HFRP's Programme Officer, spent a week in South Africa reviewing the HFRP's operations, October 2003
- Andy Orlin, Urban Institute, Director Independent Review Operations, spent a week in South Africa reviewing the HFRP's operations, November 2003

II. PROGRESS OF MAJOR ACTIVITIES

The following projects have been completed:

- Investigation into the Feasibility of Commercializing the Informal Backyard Rental Market for the National Urban and Reconstruction Housing Agency

The following projects are currently being undertaken:

- Banking Council/African Union for Housing Finance request to develop and establish a monitor of informal settlement upgrading policies and programs on a continental basis
- SACCOL request to fund a feasibility study into whether South Africa's credit union movement is the appropriate banking tier to provide 'green finance'
- Department of Housing request to review the Wharton School/P&DM Joint Housing Finance Executive Program to determine its future course
- National Association of Social Housing Associations (NASHO) request to fund a feasibility study on the establishment of a fund to provide hardship cover (retrenchment, HIV/AIDS) for residents of its member social housing associations
- Department of Housing request to advise/comment on the draft Home Loan Mortgage Disclosure Act Manual
- Department of Housing request to fund technical assistance to advise/comment on the Financial Sector Charter proposals with respect to low-income housing finance coming from the Banking Council

Conferences Attended/Participated In:

- Attended and participated in the Department of Housing's 'National Housing Summit', October 2003
- Attended and participated in the Department of Housing and Department of Arts and Culture's First National Workshop on 'The Pursuit of Excellence in the Built Environment of Human Settlements', Nov 2003
- Attended the National Housing Finance Corporation's 2nd Housing Finance Forum, November 2003

- Attended the Energy and Sustainable Cities conference in Cape Town, November 2003
- Attended the Urban Sector Network AGM, October 2003
- Attended the SA Institute for Housing annual conference in Rustenburg, October 2003
- Attended and participated in HFRP workshop with metropolitan council and provincial government officials on 'Alternative Locations for Low-income Housing in the Durban Metropolitan Area', in Durban, November, 2003

III. DELIVERABLES AND REPORTS

- Received first phase report on Monitoring of Informal Settlement Upgrading Activities in Africa
- Received final report on Investigation into the Potential of Commercialization of Informal Rental Housing

IV. PROBLEMS OR DELAYS AFFECTING THE TASK ORDER PERFORMANCE

Due to the significant strengthening of the South African rand against the US dollar, the budget of the HFRP must undergo a thorough review.

V. WORK PLANNED FOR NEXT REPORTING PERIOD

The HFRP operates as a demand-driven program, meaning housing sector organizations approach it when they feel the need for funding. Hence, to a certain degree, the HFRP must wait to be approached for assistance. On the other hand, the HFRP is still quite able to take steps to ensure that the focus areas it has established for funding are addressed. This is done through continually networking with representatives of the housing sector. In the next quarter the HFRP will be:

- Co-hosting a presentation (Finmark, Rural Housing Loan Fund, HFRP) at a Finmark Forum of the co-funded research, *Sink or Swim: Progress in the relationship between banks and alternative lenders in South Africa's low-income housing finance sector*, by Kecia Rust
- Hosting a one-day workshop to key housing actors of HFRP research

VI. SPECIFIC ACTION REQUESTED

None at this time.